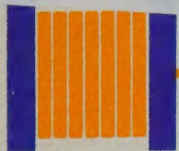


AR16



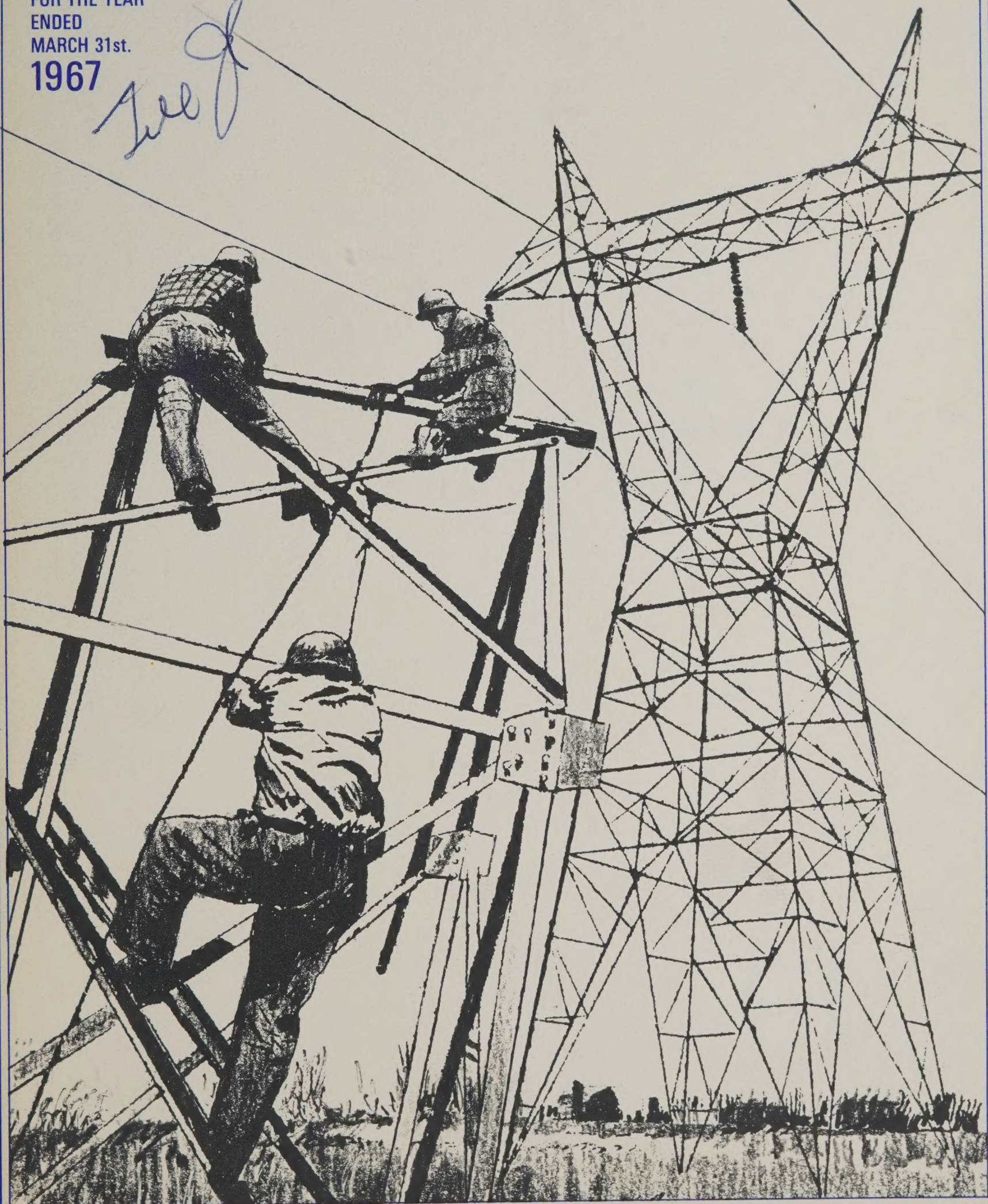
INDUSTRIAL WIRE & CABLE CO. LIMITED

ANNUAL
REPORT

FOR THE YEAR
ENDED
MARCH 31st.
1967

Corp report

See p. 9





FINANCIAL HIGHLIGHTS

	1967	1966
SALES (Net)	\$20,590,166	\$17,857,112
Net Earnings Before Tax	\$ 1,950,246	\$ 1,309,855
Per Share	\$ 1.15	\$ 0.78
Net Earnings After Tax	\$ 1,185,246	\$ 743,855
Per Share	\$ 0.70	\$ 0.45
Capital Expenditures for Plant and Equipment	\$ 1,347,544	\$ 914,906
Working Capital	\$ 2,430,351	\$ 2,060,028
Deferred Income Taxes	\$ 563,000	\$ 421,000
Per Share	\$ 0.33	\$ 0.25
Shareholders' Equity	\$ 4,420,548	\$ 3,191,442
Per Share	\$ 2.60	\$ 1.91

Directors

R. M. BARFORD *President, General Steel Wares, Ltd.*
C. P. CLARE *President, C. P. Clare & Co.*
P. M. FORAND *President, Forano Ltd.*
H. D. PERCY *Vice-President*
A. D. RUSSEL *President, Hugh Russel & Sons Ltd.*
J. G. TORRANCE *Wahn, Mayer, Smith, Creber, Lyons,*
 Torrance & Stevenson
G. D. ZIMMERMAN *President*

Officers

PRESIDENT *G. D. Zimmerman (P.Eng.)*
VICE-PRESIDENT *H. D. Percy (P.Eng.)*
SECRETARY-TREASURER *D. C. Cleland (B.A. CA)*
COMPTROLLER *C. D. Jellett (CA)*

Auditors

PRICE WATERHOUSE & CO. *Toronto, Ontario*

Solicitors

WAHN, MAYER, SMITH, CREBER,
LYONS, TORRANCE & STEVENSON *Toronto, Ontario*

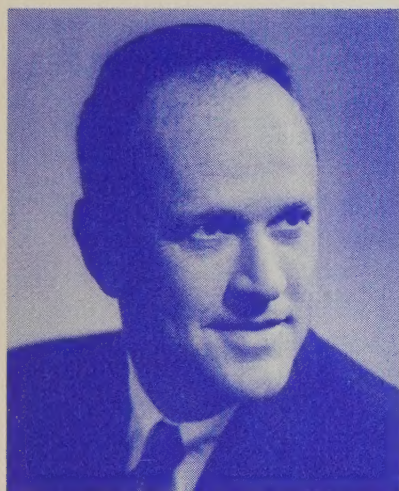
Transfer Agent

GUARANTY TRUST CO. OF CANADA *Toronto, Ontario*

Stock Listing

TORONTO STOCK EXCHANGE

PRESIDENT'S LETTER TO THE SHAREHOLDERS



G. D. ZIMMERMAN
President

It is a distinct pleasure to report for the sixth consecutive year, significant increases in sales and profits. Consolidated sales increased approximately 15% in the current year, reaching a record level of \$20,590,000. New records were established in all divisions of the company in spite of tight copper supplies during the early part of the year. This performance was assisted by the buoyant economy but over and above this we increased our market share in several key product groupings.

FINANCIAL

Before tax earnings of \$1,950,246 represented an increase of 49% over those of the prior year.

After tax earnings were \$1,185,246, up 59% and equivalent to 70¢ per share, compared to 45¢ per share reported last year.

Cash flow in 1967 amounted to \$1,779,931 or \$1.05 per share, compared to 80¢ per share in 1966. After capital expenditures and debt repayments, working capital increased by \$370,000.

OPERATIONS

The year just ended has been a notable one for our wire and cable operations. A major expansion, started in 1966 at our Etobicoke works, was completed. In addition we expanded the capacity of our Quebec City facility.

This year we introduced additional new equipment and processes, primarily on new products for both aerial and underground installations.

LACAL INDUSTRIES LIMITED

Lacal, our wholly-owned subsidiary, provided a relatively higher proportion of after tax earnings in the current year. As a result of losses in prior years no income taxes are payable on the income of this subsidiary.

"New product development" continues as the main corporate goal at Lacal. Six patent applications were filed during the year and one patent was issued on a prior application.

During the year, Lacal's subsidiary, Barnard Foundries, was closed and a modern foundry built at Newmarket, adjacent to the main Lacal operations. This facility will operate as an integral division of Lacal in new premises equipped with the latest in production and quality control equipment.

NI-SIL CABLES LIMITED

After careful market and technical studies, this company was incorporated during the year to manufacture and sell a new breed of space age conductors — high temperature, teflon insulated wires and cables. These conductors are light in weight, occupy less space and are more flexible and stronger over wider temperature ranges than conventional cables.

New equipment is being set up in our existing facilities as quickly as it is received. This has enabled us to make preliminary runs, utilizing new materials

PRESIDENT'S LETTER TO THE SHAREHOLDERS CONTINUED

and processes. At the time of writing, we have manufactured several batches of basic product that have met quality and production standards. The principal technological hurdles have been satisfactorily overcome by an intensive development program commenced last year with the assistance of the Ontario Research Foundation.

It is our intention to develop Ni-Sil Cables Limited in conjunction with Simplex Wire & Cable Co. of Cambridge, Massachusetts. We have concluded a technical licensing agreement with Simplex under which each company will share with the other its product developments without restraint on marketing areas. Simplex is a leading manufacturer of these products in the United States and will participate as minority partners in this undertaking. As part of their contribution they will provide technical, marketing and facility qualification support to Ni-Sil. Simplex stands in the front rank of cable companies the world over and enjoys an international reputation for their engineering achievements. We view the association with Simplex as a continuing one in the technological development of new products in the electrical conductor field.

Our company was aided in this undertaking, to a very large degree, by the Canadian Government who provided funding for capital equipment and initial facility start-up and qualification expense. We are very grateful to the Federal Government and in particular the Departments of Industry, Trade and Commerce and Defence Production, for their assistance and close liaison in special technical assistance, financial support and marketing leads in the export field.

We were fortunate in being able to extend our Etobicoke property to accommodate the new facility. Ground was broken for the plant on March 6 of this year, with steel being erected on April 21. We expect to have the plant in full production by late this year.

COPPER

The volatile nature of the copper market was dramatically illustrated early this year. From a worldwide shortage of copper with consequent high prices, the situation turned to a modest surplus supply with dramatic price reductions. Initially we benefited from the relatively stable prices prevalent in Canada but saw the trading advantage narrow, and in the case of the United States market disappear and move the other way.

Your company's position in this fluctuating situation is one of a "processor" of copper and not a "speculator" in this metal. Consequently, we do not anticipate significant profits or losses on these price swings but rather, adjustments to meet the higher material costs on the "up side" and lower consumer prices on the "down side". Needless to say, the relative conditions of supply and demand have their independent effects on these price adjustments.

THE BELL TELEPHONE COMPANY OF CANADA

The past year witnessed considerable activity on our part in regard to our Bell-Northern publicity. Early in the year a Private Member's Bill was introduced in Parliament to give the Bell almost unlimited powers to acquire companies

and to allow Bell to raise enormous amounts of additional capital. Coupled with this was their request to further reduce the minimal regulation currently imposed on them.

In the belief that their proposed legislation was not recognized for the vital long-term implications that it carried for the electrical industry and the economy as a whole, we undertook to inform all Members of Parliament and Senators of our views on the key clauses. In view of the wide, general interest in this subject, space advertising was taken in various mass media with a view to informing the public of the main issues of concern to us.

The response to this from all quarters has been most gratifying and we believe our efforts have served to bring to this important matter some of the attention it deserves.

OUTLOOK

I wish the unbounded enthusiasm of last year still prevailed. The prospects for the year ahead appear mixed and it would be very hazardous to anticipate our year end results. One concern is our ability to maintain a competitive position in world markets. We have been greatly assisted, during the past year or so, by relatively stable pricing in Canada on copper and other basic commodities. However, in the past, Canada although a major supplier of basic raw materials to the world, has been a high cost country at home. We are hopeful that the producers will be responsive to our worldwide competitive position in the future.

Export activities form an ever-increasing part of our marketing efforts. Starting from a small base in the year just ended, we have seen a marked increase in overseas sales. We believe that in the year ahead this trend will be continued.

Our greatest optimism lies in the continued development of new products and processes. This effort will account for our major expenditures in the foreseeable future.

SUMMARY

We are very cognizant of the loyal and diligent efforts put forward by all employees of the company throughout the entire year. Considering the abilities and enthusiasm evident throughout our organization, we feel assured of continuing success in the future.

On behalf of the Board of Directors I wish to extend our sincere appreciation to everyone concerned.


President

INDUSTRIAL WIRE & CABLE CO. LIMITED AND SUBSIDIARY COMPANIES

ASSETS

CURRENT ASSETS:

March 31

1967

1966

Accounts receivable, less allowance for doubtful accounts	\$ 2,479,019	\$ 2,328,897
Inventories (Note 1)	5,033,921	3,872,497
Deposits and prepaid expenses	327,555	221,724
	<u>7,840,495</u>	<u>6,423,118</u>

FIXED ASSETS, at cost:

Land	419,058	235,154
Buildings, machinery and equipment	6,447,783	5,355,474
	<u>6,866,841</u>	<u>5,590,628</u>
Less — Accumulated depreciation	2,216,375	1,835,021
	<u>4,650,466</u>	<u>3,755,607</u>

APPROVED ON BEHALF OF THE BOARD:

G. D. Zimmerman, Director

H. D. Percy, Director

\$12,490,961

\$10,178,725

CONSOLIDATED BALANCE SHEET

LIABILITIES	March 31	
	1967	1966
CURRENT LIABILITIES:		
Bank advances (secured)	\$ 2,046,267	\$ 1,838,957
Accounts payable and accrued liabilities	2,533,725	1,764,936
Income and other taxes payable	536,992	419,197
Current instalments on long-term liabilities	293,160	340,000
	<u>5,410,144</u>	<u>4,363,090</u>
CUSTOMERS' DEPOSITS ON REELS	351,080	295,887
LONG-TERM LIABILITIES (Note 2)	1,746,189	1,907,306
DEFERRED INCOME TAXES (Note 3)	563,000	421,000
	<u>8,070,413</u>	<u>6,987,283</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4):		
5% cumulative redeemable non-voting preference shares, par value \$10 each —		
Authorized — 31,946 shares		
Issued — Nil		
Common shares, no par value —		
Authorized — 4,000,000 shares		
Issued — 1,699,948 shares	2,297,126	2,253,266
RETAINED EARNINGS	2,123,422	938,176
	<u>4,420,548</u>	<u>3,191,442</u>
	<u>\$12,490,961</u>	<u>\$10,178,725</u>

See accompanying notes to Financial Statements

INDUSTRIAL WIRE & CABLE CO. LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings and Retained Earnings

	Year ended March 31	
	1967	1966
NET SALES	\$20,590,166	\$17,857,112
Deduct:		
Cost of products sold and all expenses		
except items shown below	18,171,481	16,204,727
Depreciation	452,685	325,385
Interest on long-term liabilities	15,754	17,145
	<u>18,639,920</u>	<u>16,547,257</u>
EARNINGS BEFORE PROVISION FOR		
INCOME TAXES	1,950,246	1,309,855
PROVISION FOR INCOME TAXES (Note 3):		
Current	623,000	292,000
Deferred	142,000	274,000
	<u>765,000</u>	<u>566,000</u>
NET EARNINGS FOR THE YEAR	1,185,246	743,855
Retained earnings at beginning of year	938,176	194,321
RETAINED EARNINGS AT END OF YEAR	<u>\$ 2,123,422</u>	<u>\$ 938,176</u>

See accompanying notes to financial statements.

INDUSTRIAL WIRE & CABLE CO. LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

SOURCE OF FUNDS:	Year ended March 31	
	1967	1966
Net earnings	\$ 1,185,246	\$ 743,855
Add — Expenses not requiring a current cash outlay —		
Depreciation	452,685	325,385
Deferred income taxes	142,000	274,000
Funds provided from operations	1,779,931	1,343,240
Proceeds from land mortgage	154,480	—
Common shares issued	43,860	21,156
Increase in customers' deposits on reels	55,193	110,181
	2,033,464	1,474,577
APPLICATION OF FUNDS:		
Additions to fixed assets (net)	1,347,544	914,906
Preference shares purchased for cancellation	—	11,240
Reduction of long-term liabilities	315,597	400,578
	1,663,141	1,326,724
RESULTING IN AN INCREASE OF WORKING CAPITAL OF	370,323	147,853
Working capital at beginning of year	2,060,028	1,912,175
WORKING CAPITAL AT END OF YEAR	\$ 2,430,351	\$ 2,060,028

INDUSTRIAL WIRE & CABLE CO. LIMITED AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements March 31, 1967

1. Inventories:

Raw materials are valued at the lower of cost or replacement cost. Finished goods and work in process are valued at the lower of cost or net realizable value.

2. Long-term Liabilities:

5¾% First Mortgage Bonds, Series A, payable \$50,000 annually to July 1, 1968 and balance July 1, 1969	\$ 125,000
8% Land Mortgage, payable \$43,160 annually to January 2, 1970	129,480
Debentures (non-interest bearing) —	
Series A payable not less than \$200,000 annually to December 1, 1970 and balance December 1, 1971	1,200,000
Series B payable December 1, 1971, convertible into common shares of the company between December 1, 1970 and December 1, 1971 at the rate of one share for each \$1 principal amount of debentures	500,000
Purchase price of preference shares of subsidiary company (subject to adjustment) payable not later than March 31, 1974	84,869
	<hr/> 2,039,349
Deduct — Instalments due within one year included in current liabilities	293,160
	<hr/> <u>\$1,746,189</u>

In addition to the First Mortgage Bonds, Series A, \$500,000 First Mortgage Bonds, Series B, have been issued as collateral security for bank advances.

Under the provisions of the Series A and B Debentures, the company may not pay any cash dividends while any of the Series A or B Debentures are outstanding. The company has also covenanted under the trust indenture for the First Mortgage Bonds not to pay any cash dividends, reduce its capital or make any principal payments on the Series A Debentures or the Series B Debentures, unless after making such payments current assets exceed current liabilities by at least \$1,000,000.

3. Income Taxes:

Income taxes for the year ended March 31, 1967 have been reduced by approximately \$231,000 by application of losses carried forward from prior years.

Provision has been made for deferred income taxes resulting from claiming capital cost allowances for tax purposes in excess of the normal depreciation recorded in the accounts.

4. Capital Stock:

Under the terms of the stock option plan for employees and officers of the company, 30,000 common shares were issued for cash of \$43,860.

Of the authorized and unissued common shares, 500,000 shares are reserved for possible conversion of Series B Debentures and 18,600 shares are reserved for options granted to employees and officers at prices equal to 82% of the market value at date of grant. The options are exercisable in April, 1967.

5. Capital Expenditures:

Expenditures to complete construction in progress amount to approximately \$500,000.

AUDITORS' REPORT

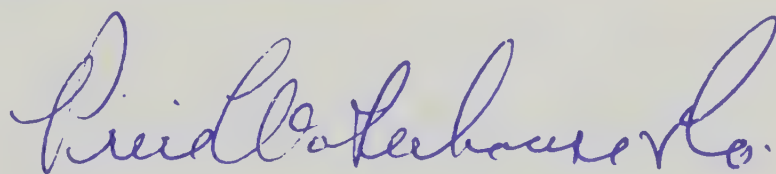
PRICE WATERHOUSE & Co.

TORONTO, MAY 18th, 1967.

TO THE SHAREHOLDERS OF
INDUSTRIAL WIRE & CABLE CO. LIMITED:

We have examined the consolidated balance sheet of Industrial Wire & Cable Co. Limited and subsidiary companies as at March 31, 1967 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in dark ink, reading "Price Waterhouse & Co.", written in a cursive, flowing style.

Chartered Accountants.

INDUSTRIAL WIRE & CABLE CO. LIMITED AND SUBSIDIARY COMPANIES

Five Year Statistical Summary

(all dollars in thousands except per share statistics)

	1967	1966	1965*	1964	1963
Sales	\$20,590	17,857	11,141	7,811	6,334
Pre-tax Earnings	\$ 1,950	1,310	725	326	31
Income Taxes	\$ 765	566	160	—	—
Net Earnings	\$ 1,185	744	565	326	31
Per Common Share	\$ 0.70	0.45	0.34	0.24	0.03
Working Capital	\$ 2,430	2,060	1,912	1,685	1,679
Shareholders' Equity	\$ 4,421	3,191	2,426	1,481	964
Percent of Return	26.8	23.3	23.3	22.0	3.2
Per Common Share	\$ 2.60	1.91	1.47	1.07	0.80
Common Shares Issued (end of year)	1,700	1,670	1,645	1,389	1,200
Number of Shareholders	1,466	650	481	272	259
Number of Employees	594	505	458	196	181
Total Assets	\$12,491	10,179	9,266	5,530	4,588

* 1965 was a year in which a major acquisition was undertaken. The figures for this year include operations of a newly acquired subsidiary for 3 months.

INDUSTRIAL WIRE & CABLE CO. LIMITED

Head Office — Index Road, Toronto

MANUFACTURING PLANTS:

Toronto, Ont.

Quebec, Que.

LACAL INDUSTRIES LIMITED

MANUFACTURING PLANTS:

Montreal, Que.

Newmarket, Ont.

JOINT SALES OFFICES

Vancouver, B.C.

Edmonton, Alta.

Winnipeg, Man.

Toronto, Ont.

Newmarket, Ont.

Montreal, Que.

Quebec, Que.

Stellarton, N.S.

Head Office — Index Road, Toronto





INDUSTRIAL WIRE & CABLE CO. LIMITED



Industrial Wire & Cable Co. Limited

P.O. BOX 130, STATION "U", TORONTO 18, ONTARIO
TELEPHONE 233-6261 • TELEX 02-2670

June 6, 1967

Business Editor
The Globe and Mail
140 King Street West
Toronto, Ontario

Dear Sir:

Enclosed is our Annual Report for the year
ended March 31, 1967.

This will be mailed to our shareholders on
June 7.

Yours very truly

D. C. Cleland
Secretary-Treasurer

DCC/ab
Encl.

